

ETEXT ATTACHMENT

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This miscellaneous report is in response to a letter from the Federal Election Commission dated June 23, 2004 in regard to the Amended Year-End Report submitted by the New York State Laborers' Political Action Committee (C00220566). The letter concerns administrative expenses incurred by the PAC fund in common with two related labor-management funds - the NYS Laborers' Employers Cooperation and Education Trust Fund (or LECET) and the NYS Laborers' Health and Safety Trust Fund. The PAC fund has occupied office space in common with these two funds, first in New York City and later in Albany. There are also employees who work for all three funds. There are also occasional meetings where all three funds share a common meeting facility. Expenses for these common costs are allocated among the three funds based on a formula developed in collaboration with the accountants for the funds. For example, office rent is allocated based on an estimate of the office space used by each of the three funds. Meeting costs are allocated based on the relative number of participants from the three funds. For the past several years, these common administrative, personnel, and meeting expenses are allocated when the bills are received and paid by either the LECET or Health and Safety Funds. After some period of time (usually on a quarterly basis), the accrued expenses attributable to the PAC are totaled. The PAC then reimburses the LECET Fund and Health and Safety Fund for these common expenses.

FEC Reporting

Prior to 1997, the PAC fund used office space in New Jersey and paid rent to a New Jersey LECET fund. This was reported as an administrative expense on the FEC reports.

Starting in 1997, the PAC fund moved to New York City and shared common office space and personnel with the LECET and Health and Safety Funds. At that time, the PAC began to report the common administrative expenses on the FEC reports as debt on Schedule D due to the LECET and Health and Safety Funds for administrative expenses. In subsequent reports, amounts owed for common administrative expenses would be added on Schedule D as debt, and payments would be reported on Schedule B as administrative expenses and on Schedule D as payments of the debt. The FEC questioned these items (see March 3 1999 letter regarding October quarterly and Year End 1998 reports). The PAC amended the reports and provided a written explanation (not included on the public record). Until recently, there were no other questions regarding this method of paying and reporting these common office, personnel, and meeting expenses.

The FEC questioned this method of reporting common administrative expenses in the 2003 reporting cycle. Additional explanation and clarification has been provided in reports, amended reports, and miscellaneous reports filed for 2003 and 2004.

New Approach

Although the past approach to reporting these common administrative as debt with subsequent repayment has not been questioned by the FEC until recently, the PAC will switch to a more transparent and contemporaneous payment system. Beginning in July 2004, all common administrative and other expenses for the PAC will be paid at the time that the bill is received either through a payment directly to the vendor or a payment to the LECET or Health and Safety Fund. If the latter approach is used, the payment to the LECET or Health and Safety Fund will take place in advance or at the time of the other fund's payment. This should avoid any prohibited in-kind contribution. All debt reported on Schedule D has been paid. There are still some payments owed to LECET and Health and Safety for recent expenses. These will be paid immediately, and the new approach to payment instituted.